

Warranty Matters

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Simplified Maintenance, Not so Simple?

Like it or not, Simplified Maintenance is here to stay. GM is currently undertaking yet another attempt to get dealers to embrace the program. By some estimates, more than 70% of dealers are only using a mileage-driven standard for recommending oil and filter changes. GM wants 50% of their stores to be “committed” to Simplified Maintenance by the end of July.

Unfortunately, resistance to Simplified Maintenance remains strong in the field. A lot of the concern is centered around several different issues, the least of which may just be confusion about the program. In an effort to clear the air, we have been doing our research and getting input from you, our readers.

What Constitutes Compliance?

This tops the list of what’s not completely understood. Being “compliant” with the program is really pretty easy and requires:

- You need to have a Maintenance I and Maintenance II signage on the service drive. This can be in the form of a paper-type menu, a display-type menu board or an electronic menu.
- The repair order should clearly detail all services and inspections performed under Maintenance I and Maintenance II. This is intended to instill the value of the service verses simply saying “LOF, tire rotation and multi-point inspection.”
- You must use MI & MII windshield reminder stickers. These are different from the mileage-driven “next service due” stickers because instead of showing when the next service should be scheduled, they show when the last one was performed. There is also an MI & MII box to identify which service was completed last.
- You need to list the MI & MII services on your website. There is no mention of providing prices for these services on the web, but it does stand to reason.

Consequences

Well, so far GM hasn’t threatened any sort of sanctions for those dealers who don’t comply with the Simplified Maintenance program. Nonetheless, reps have been given their orders and we all know they have their subtle ways of getting dealers to see things in a different light.

As we’ve mentioned before, the biggest single consequence will come when GM starts a national ad campaign promoting the program—and that day *is* coming. GM sees Simplified Maintenance as a competitive advantage, which it is. They have pushed back national ads promoting the program in response to dealer backlash, but rest assured, it will happen.

The Dilemma

Lost revenue—This is the single biggest concern dealers have about the program. Many managers say they would gladly embrace it, but fear losing their jobs in direct relationship to the lost gross profit.

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- *Reps have a mandate to ensure dealers offer Simplified Maintenance*
- *When they’re under pressure, you’re under pressure!*
- *Lost revenue is the #1 dealer concern*
- *Just charging more for a LOF & tire rotation isn’t the answer*
- *The program is not going away, but there is still opportunity out there*

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One manager tells us he's watched all the programs, studied all the information and "the only thing GM offers to overcome lost income is to charge more for our services, including oil change and tire rotation."

Certainly, dealers will have to find new sources of revenue. For some, this means increased accessory sales, longer hours, adding detail services, selling extended service contracts on the service drive, using customer retention programs such as roadside assistance, trip interruption, tire hazard, etc.

Pricing—As our manager above noted, there is concern over pricing. Do you charge for inspections or not? After all, aren't we supposed to be doing these inspections in conjunction with an LOF anyway?

This is a tough question to answer, but we've noted the majority of stores *do* charge more for inspections. While charges vary, we often see an additional \$9 for the MI inspections and an additional \$18 for the MII services.

Misunderstanding of MI & MII—Ask almost any service advisor what's the difference between the Maintenance I & II and s/he'll most likely say "the MII has more inspections," but they'll be hard pressed to tell you exactly what the other inspections are. Same is true for techs, and yes, the customer too.

According to Jason Evers, a fixed operations consultant with Affinity Automotive Products, "The repair order should clearly spell out all inspections performed and even use separate job lines for inspections that *might* result in a part and/or labor sale such as air filters, wiper inserts and brakes."

"If you sell additional work, that's one thing, says Evers. "If you only inspect and show it as a 'no charge' item, the customer feels he received some value."

Customers not checking oil levels—Unfortunately, we're hearing nightmare stories of customers having their vehicles towed to dealers for drivability problems only to discover it's 3 quarts low on oil.

This has been a fear from the onset and although GM documentation clearly states the customer is responsible for maintaining oil levels between services, the fact remains that some customers never raise the hood after the first day of ownership.

Bulletin 01-06-01-011D (Information on oil Consumption Guidelines) shows the "accepted rate" for oil consumption is 1 quart for every 2,000 miles in

most passenger cars and light-duty trucks.

The bulletin also says vehicles that are driven at high speeds, aggressively, high RPMs, or in a loaded condition can exhibit even greater oil consumption rates.

So, the thought that a vehicle can run low, or out of oil before the "change oil" light comes on is a real one indeed. This is something that must be communicated to the customer.

As we understand, with the Oil Life System, vehicles no longer have the standard "low oil" warning lamps. This can only contribute to the problem.

The Up Side

Enhanced trust—This one we can see as being true. We suspect Simplified Maintenance can play a strong role in improving the customer's perception of a dealership service department.

As things are now, the average dealership loses almost 70% of their service customers within the first two years of vehicle ownership—just when they are most likely to spend money maintaining them.

Competitive advantage—As we noted earlier, Simplified Maintenance gives GM a competitive sales advantage over many brands. In a time of sales slow down, any advantage a manufacturer can conjure up should be fair game.

Pit stops—Once again, here is an opportunity to schmooze the customer without really trying to sell him/her a single thing. Pit stops are designed to get the customer back in and offer the chance to play up the importance of proper maintenance, get the customer familiar with the store and instill trust in the relationship.

Accessory displays on the service drive can play a key roll and are subtle advertisement to educate the customer about what your store can provide.

Independents haven't got a clue—Just for fun, we randomly called some Firestone and Dobbs Tire & Service Centers to ask about the MII service.

The advisor at Dobbs started off by saying, "I don't know what that means." After we explained it, he suggested we bring the vehicle in along with the owner's manual and he'd, "Thumb it out," (whatever that means) and "see if it really needs all that stuff anyway." Geese! How funny is that?

We had a similar experience at Firestone, as they had

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no idea what a Maintenance II service was either, but they were confident they could do it if they only had the owner's manual. When asked if there would be any charge for the inspections, they hesitated to say either way, but the LOF and tire rotation was going to run \$57.10 plus tax.

This is an area where dealers can turn the tide on who is the most authoritative repair facility.

Opportunity Still Exists

According to Evers, there is still ample opportunity for à la carte and mileage-driven maintenance.

As examples, Jason points out, "Tire rotations are still called for at 7,500 miles, transmission services are due on some trucks at 25K and most other vehicles at 50,000 miles. GM recommends a transfer case service at 50K, but a lot of dealers overlook that one. Advisors have to be familiar with schedules."

"Then you have air filters, cabin filters and wiper inserts that could be needed at any time. Many dealerships are making profits from nitrogen fill tire systems too," says Evers.

Another dealer consideration is Simplified Maintenance is only recommended for 2004 and newer models, although some earlier models may be equipped with the GM Oil Life System.

Along with that, GM does not have the ability to stop dealers who choose to sell aftermarket flushes and/or

Article Draws Criticism

Last month's lead article, "Enhanced CPVS?" drew some criticism—not from readers, but from General Motors. As our readers know though, we don't answer to GM—we answer to you.

Without rehashing the whole article, we outlined our disagreement with a modification in the Enhanced Empowerment program requiring dealers to use a labor operation from the Labor Time Guide, rather than Z7091 for non-warranty repairs. Using a standard labor operation incorporates the cost of a non-warranty repair into the dealer's Cost Per Vehicle Serviced, as reflected on the DA report.

Some regions and reps, we learned, were strongly opposed to this coding requirement in the first place, but it's unlikely a revision will be reconsidered.

In fairness, when the program went nationwide, GM's national warranty operation department made this change from the original pilot regions (South Central and later the South East) and issued bulletin 05-00-89-055.

additives—they just want it to be clearly understood by the customer that these services are not required to maintain warranty coverage.

Severe Service

This is probably the most misunderstood term from a customer's standpoint. In their mind, they aren't driving under severe conditions.

Let's face it, it's hot, it's cold, it's dusty, it's stop-and-go traffic, it's a combination of all these things. The only person we've ever known who didn't drive under severe service was granny, and we're not too sure about that, as she was always in a hurry!

For all practical purposes, everybody falls into the severe service category, but most just don't know it and that's where it is our job to educate the customer.

Bottom Line

The GM Oil Life System was first introduced in 1988. By 1990, it was in a wide variety of GM vehicles. Today, there are about 30 million GM cars and trucks using GMOLS. 95% of all GM produced vehicles today are equipped with GMOLS. It is not going away. Your rep is not going away either!

The website www.gmols.com has a tremendous amount of Simplified Maintenance information, including sample menus and a variety of implementation tools, including the difference between MI & MII. It's worth the time for your entire staff to give it a look.

But if you read the bulletin, you can't help but notice how it clouds the whole non-warranty repair issue, which was a mainstay of the original pilot program. In fact, it more or less limits "goodwill" repairs to those that are "*reasonable and rational...*," or "*questionable repairs that do not have exact proof of what transpired...*"

This clearly waters down the pilot's original intent where an example of a "curbed tire" was used numerous times in dealer meetings as a possible situation that would be left to the discretion of service management.

As an easy solution, we have suggested that GM should consider a new Claim Type for non-warranty empowerment repairs submitted using a labor op from the LTG.

This would simplify matters for all parties and allow them the ability to separate and identify these type repairs without punishing a dealer who chooses to help a customer.

After all, either you are going to have the program, or not.

Warranty Matters

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The Money Game

In this month's lead article, we touched on "Pit Stops" as part of the Simplified Maintenance program and wanted to expound on some practices that can make them work to your benefit.

Admittedly, this is a new concept for many of us, and we don't claim to have all the answers, but the fact remains we are going to have to make adjustments to our way of thinking—just like we've done for years.

For one, the Pit Stop is an opportunity to schedule the first appointment after the sale, whether it's going to be 30, 60 or 90-days out, it still gives you control over the timing of the visit. The process should be quick and convenient for the customer and somewhat scripted on your part to ensure each Pit Stop is consistent. It might be practical to lay out a "Pit Stop Standard Procedure" list for staff.

Some dealers may prefer to have advisors conduct the Pit Stop, others may have a greeter do it, while some may want the service manager to handle everything.

It's a great time to see if the owner has any questions about the features or operation of the vehicle, or if they're having any problems.

Obviously it would be impractical to put the vehicle on a lift, but certainly you would want to demonstrate how to check the observable fluid levels and emphasize the importance of this simple step, whether the customer does it himself or brings it by for you and your staff to check.

Tire pressure and wear should be checked along with wiper inserts, as well as inspecting the vehicle for any damage such as rock pecks, dents, scratches, etc.

If the customer hasn't already done so, offer a tour of the service, parts, detail and body shop departments and introduce them to the staff.

A mention of accessories, CSI and courtesy transportation would be appropriate. The offering of a tire pressure gage, calendar or other small gift could also help solidify the relationship.

The Back Page

As you can see, we spent a considerable amount of time on profitability and Simplified Maintenance this month and not to shortchange our readers, we wanted to fly through some late-breaking warranty and other important information.

GM issued VSS20081508 on 6/16/2008 to remind dealers to use the reprogramming labor operation that coincides with the module being updated. Seems some dealers have been using N4808 no matter what!

The Global Warranty Management system was upgraded last month, "*in preparation for future rollouts to the remaining Service Agents worldwide.*" Of course the remaining Service Agents are "GM proper" stores, so that most likely means you!

Don't go crazy just yet though, as the "Big Bang" is still not expected until the first quarter of 2009.

We've seen a lot of apprehension in the field about GWM, but having worked with it for 7 months now (since the Saturn launch), we've been pretty pleased.

That's not to say there haven't been any bugs, as there certainly have, but they seem to be fixing them as quickly as they're identified.

While conducting training at a Saturn store earlier this year, we emailed 6 different glitches to the Saturn Warranty Manager. Five of those issues were fixed the next day. Pretty impressive.

If your techs haven't seen bulletin VSS20081500, they need to look it over. This bulletin directs dealers how to determine if an aftermarket ECM/PCM calibration has been installed.

The bulletin has dealers performing certain steps if "*a suspicious hard part failure is observed in the engine, transmission, transfer case or driveline.*"

While failures caused by non-GM software would not be covered under warranty, GM has listed two contact personnel that will review the facts and issue a decision about coverage within 72 hours. Sorry Saturn and Saab dealers, it won't work for you.